GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4424
ANSWERED ON:12.08.2016
Foreign Exchange Fraud by PSBs
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Will the Minister of FINANCE be pleased to state:

a) whether the Reserve Bank of India (RBI) has noticed that served public sector banks have indulged in foreign exchange fraud in violation of RBI regulations in the recent past;
b) if so, the details thereof along with the cases have been detected by the Government during the last two years and the action taken thereupon; and
c) the measures taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (c): Reserve Bank of India (RBI) has informed that recently a case of foreign exchange violation in Ashok Vihar Branch of Bank of Baroda was reported. Advance import remittances were permitted without verifying the bonafide of transactions and without carrying proper due diligence of both Indian clients as well as overseas suppliers.

RBI has taken various steps to stop recurrence of such instances which inter-alia include (i) comprehensive guidelines on handling of export / import transactions to authorized dealer Banks (AD Banks), (ii) constitution of a working group to devise an Import Data Monitoring and Processing System, (iii) direction to strict adherence on extant guidelines on export / imports and strengthening of internal security / system administration, (iv) continued follow up of all cases of advance remittance for import, irrespective of value, (v) taking steps on priority to upload shipment and realization details and to convey the progress in special fortnightly reports.

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